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MISSION DEVELOPMENT PROGRAM FOR RURAL SACCOS MBARARA REGION

FINAL REPORT



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This publication was produced for review by the United States Agency for International Development. It was prepared by Paul K. Wambua, for Chemonics International Inc.



Rural SPEED

Rural Savings Promotion & Enhancement of Enterprise Development

MISSION DEVELOPMENT PROGRAM FOR RURAL SACCOS MBARARA REGION

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Rural SPEED

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Executive Summary

Rural SPEED collaborates with SACCOs by building their institutional capacity so as to deepen and strengthen Uganda's financial sector in the rural sector. It's against this background that Rural SPEED organized a workshop for ten partner SACCOs on mission and vision development training in Mbarara. A total of twenty-eight participants mainly composed of board members and managers attended the three-day workshop. The main objective of this workshop was to expose the participants to the process of planning, importance of planning, the need for formulating mission and vision for their SACCOs, their roles and responsibilities in the planning process and finally use the opportunity to review the current mission and vision statements for the participating SACCOs.

In order to emphasize the learning from the workshop, a mentoring exercise was made to all ten partner SACCOs. This mentoring addressed the challenges each specific SACCO was facing regarding planning, implementation and also reviewed skills requirements necessary to effectively formulate mission and vision statements for the SACCOs.

The major findings and conclusions revealed that provision of capacity in the following areas could result in improvement of efficiency:

1. Capacity building programme for specific SACCO strategic planning with emphasis on operational and action planning, implementation and evaluation;
2. Training in policy and procedures formulation;
3. Urgent training in loan management for credit officers and loan committees;
4. On site training on effective governance for all SACCO board and staff together;
5. Effective member service training for all staff;
6. Performance management training for all SACCO staff-in-house; and
7. Performance standards formulation for all SACCOs.

In conclusion, the workshop and mentoring revealed that the SACCOs are enthusiastic about the project and its objectives, there is a positive attitude from most of the board members and managers, and also there is evident commitment from the partner SACCOs to work with Rural SPEED in order to improve their performance as financial service providers to their members.

Section I

Introduction

Since 1987, the Government of Uganda (GOU) has instituted major economic policy reforms to encourage the financial sector to become increasingly efficient, productive and competitive. Uganda is well on its way to having a vibrant and reasonably deep financial services sector, with fifteen commercial banks, seven commercial credit institutions, four licensed micro-deposit taking institutions (MDIs), numerous micro finance institutions (MFIs), and member-owned savings and credit cooperatives (SACCOs). Despite recent growth and liberalized economic policies, only ten percent of the rural population has access to basic financial services. In addition, both the formal and the informal financial sectors still require structural changes to be able to provide the range and depth of financial services that individuals and business require.

Rural SPEED's objective is to deepen and strengthen Uganda's financial sector in response to this rural sector demand for financial services. The increased provision of financial services should leverage economic activity to complement other USAID/Mission programs in rural areas. The resulting increase in economic activity should aid the GOU in achieving the target economic growth rates proposed in the Poverty Eradication Action Plan (PEAP). The Rural SPEED project is supporting and executing activities in the following areas:

- Institutional Capacity Building; and
- New Product development and Service Delivery.

Much of this support is provided through short-term technical assistance and on-going project support to partner institutions. This consultancy was designed to train thirty representatives from partner institutions in the Kabale and Mbarara regions. These participants were primarily Board Members and Managers of the partner institutions.

However, in some cases, other staff representatives like Cashiers and Accountants also attended. The workshop covered mission and vision development for SACCOs, introduction to strategic planning, importance of planning, types of planning, the concept of strategic visioning, setting effective goals, objectives and action plans, performance monitoring tools and plan implementation. The principal consultancy tasks were to:

1. Develop a three-day training module to cover:
 - a. Importance of Mission and Vision
 - b. Planning for the success of a rural SACCO
 - c. Key issues in operational planning
 - d. The role of the Board and Management in planning
 - e. Setting short term goals for SACCO direction
2. Deliver three-day mission and vision development workshop to 30 participants in Mbarara.
3. Conduct ten one-day mentoring session to Rural SPEED's partner SACCOs
4. Prepare a final report noting recommendations for further training.

The principal activity accomplished in this consultancy was the organization of the three-day training workshop and the ten one-day mentoring visits. The purpose of the workshop was to present to participants the key elements of mission and vision statements for SACCOs, their importance to rallying the SACCOs' stakeholders to the principles of cooperation and the cooperative values, to introduce participants to the concept of planning, types of planning and the importance of planning to the SACCO as a business. The purpose of the mentoring visits was to follow up on the training and review the SACCOs current vision/mission statements, train the boards and staff on setting short term actions plans, and review their monitoring and evaluation tools and make recommendations for further training.

The participants were tasked with the review of their current mission and vision statements in view of the training and also trained on setting goals, objectives and action plans. Finally, the participants were introduced to performance monitoring tools to equip them in monitoring and evaluating their plans in line with the mission and vision statements set.

The workshop methodology was two fold:

- The morning sessions dedicated to conceptual frameworks of the various topics
- The afternoon sessions were for synthesize exercises and overall group discussions on practical exercises relevant to the overall program objectives.

The concept of strategic planning and management, advantages/benefits of planning was covered as follows:

1. Harmonizing all activities giving a sense of purpose and direction to all concerned;
2. Taking into account available resources and ensures their adequate allocation;
3. Ensuring better results;
4. Ensuring decisions are made proactively as opposed to reactively; and
5. The three main types of planning:
 - Strategic (long term, corporate and responsibility of the Board and Senior management),
 - Operational (shorter term and responsibility of the mid level management), and
 - Action planning-specific activities done at the supervisory level).

The participants were given a task to identify the planning key result activities (KRAs) in order to gauge their understanding of planning and their application to their specific organizations. The participants identified the following key result areas:

- Membership recruitment
- Savings Mobilization
- Effective credit facilities
- Effective Governance and organization structures
- Competent management and staff
- Strong financial products and services
- Information management
- Policies and procedures
- Financial management systems
- Effective member/customer service

These key result areas were agreed to be the basic foundations for identifying the institutions' performance gaps (weaknesses) during the SWOT analysis exercise as part of the mission/vision development.

Using the above results, the participants were taken through the core functions of a SACCO summarized as:

- Mobilization of members
- Member sensitization and education
- Savings mobilization
- Accessing affordable and attractive credit facilities to members
- Member support services e.g. insurance for loans, etc

As part of vision and mission development for SACCOs, it was emphasized that the SACCO leaders and managers should espouse the cooperative values as part of their plans so that members are aware of the fundamental beliefs and practices their leaders stood for in the course of governing the cooperative institutions.

These core values were summarized as:

- Integrity
- Honesty
- Fairness
- Professionalism
- Equity
- Transparency and Accountability
- Commitment to member service
- Respect to members
- Teamwork

Following the identification of the cooperative values above, the participants we introduced to the concepts of vision and mission statements with emphasis on the role of the board and management in vision/mission setting whereupon it summarized that the board leads between paradigms while the management manages within paradigms. The participants were also advised to ensure that the other stakeholders mainly the members had an input in the planning process as the plans were essentially theirs (members). In developing vision/mission for the SACCOs, the participants were guided using six main criteria:

1. Organization-key questions like: What will our organization look like? What type of structure will support your vision? How will you combine people, resources and structure to achieve your ideal outcome? Should be addressed.
2. Observation of the various activities within and without organization.
3. Views- different ways of thinking about something. The main viewpoints to take into consideration during strategic visioning are: The environmental view, the marketplace view, the project view; and the measurement view.
4. Driving Forces. These may include; Individual and organizational incentives, Empowerment and alignment, Qualitative factors such as defined vision, values and goals;

5. Productive factors like a mission or function; Quantitative factors such as results or experience; and others such as commitment, coherent action, effectiveness, productivity, and value.
6. Ideal position- This involves looking at; the conditions you have found to be necessary if your business is to be productive; the niche in the marketplace that your business will fill; any opportunities that may exist either currently or in the future for your business; the core competencies or skills required in your business; and the strategies and tactics you will use to put it all together.

In concluding the session, it was agreed that the vision and mission statements taken together, must meet five key tests;

1. They must be leadership initiated. It is the role of leaders to gather input from stakeholders, focus it, and coalesce it into a coherent vision and mission. Managers make vision and mission work once you get them in place; leaders get you there.
2. They must be shared and supported. The vision and mission articulated by the planning group (board and senior management) must be shared with all employees and members.
3. They must be detailed enough to capture board's and staff's imagination and harness their creativity.
4. They must be positive and inspiring. They should challenge everybody to stretch his/her skills.
5. They are not expressed in numbers. The numbers are only a consequence of a vision, yet to be achieved.

Finally, the participants were taken through the process of planning summarized as:

- Mission/Purpose statement
- Vision statement
- SWOT analysis
- Goals, Objectives, Policies and Action Plans
- Monitoring and Evaluation

To test the participants' understanding, a number of exercises were given (home based):

- SWOT analysis
- Vision/Mission review

The results are annexed in the report.

Attendance:

A total of twenty-nine SACCO/MFI participants completed the training. There were seventeen Managers and twelve Board Members.

Mentoring:

After completing the workshop, ten one-day SACCO/MFI mentoring visits were conducted. The SACCO mentoring focused on briefing the board members on the planning process, types of planning, the need for setting clear vision/mission statements, reviewing their existing vision/mission statements, setting short term action plans, monitoring and evaluation of plans, exploring training needs and finding out the institutions' challenges in implementing their plans. In addition, thorough review of their current plans was done and feedback given on site on the improvement areas with emphasis on the action plans and their implementation. Staff members were also involved in the reviews.

During both the training and mentoring visits, it was clear that the primary challenge facing the SACCO was the formulation and implementation of clear short medium term action plans on the key performance areas of membership mobilization, savings mobilization, boards' commitment to make decisions based on predetermined and prioritized goals, effective member services in financial products, management efficiency, credit management, new products development, and more importantly, selling the SACCO philosophy to members. To deal with these issues, it recommended that capacity building programs in the following areas be formulated and implemented expeditiously:

- Training education and mobilization committees on their roles and responsibilities, savings mobilization strategies, and mainstreaming SACCO services;
- Training all board members on action planning on SACCO- specific basis. Plan implementation, monitoring and evaluation emphasized;
- Training all loans officers, managers and loans committees on credit management process with emphasis on credit appraisal, risk management, collections, delinquency management, pricing, and portfolio management.
- Training all partner SACCOs on new products development process and techniques.
- All SACCO staff should be trained on effective member/customer service. This should be done on- site.
- The supervisory and Audit committee's role must be clarified and more urgently, a supervisory committee-operating manual should be developed to guide them in their tasks.

In conclusion, the training and mentoring has been very useful in uncovering institutional weakness. It has underscored the need for setting clear vision/mission statements for the SACCOs, specific goals and objectives, commitment to implementation of action plans, importance of the boards in formulating policies and providing effective leadership in their institutions. All of the institutions that participated in the training workshop, can now develop concise vision and mission statements, set short-term actions plans and exercise oversight in the implementation, monitoring and evaluation of the plans in their SACCOs.

The critical issue is the implementation of the various recommendations given during the training and mentoring visits. If the recommended changes are implemented, then there will be great improvements in the management and performance of the SACCOs. More training and mentoring programmes are still needed to achieve the objective of building sustainable financially efficient SACCOs.

Section II

2.1 Team Compositions and Allocation of Responsibilities

Mr. Paul K. Wambua conducted the assignment as per the above scope of work. This included training 28 participants (details of their names and institutions is attached in annex 3) in Mbarara and proceeded on with the mentoring of The Board members and staff of the partner SACCOs.

2.2 Data, Services and Facilities provided by the Client

The Consultant obtained the following documents from Rural SPEED and visited The SACCOs as indicated in annex 4:

Due diligence reports for all the partner SACCOs;

The governance training report done in July 2005;

Financial management report done in September 2005; and

The information obtained from these reports was very helpful in preparation for the mission/vision development workshop.

Section III

In order to accomplish the assigned task, a training schedule attached as Annex 1 was used based on the scope of work (refer to annex 6).

3.0 Methodologies and Approach in Accomplishing the Assignment

The Consultant adopted the following approach in accomplishing the assignment;

3.1 Project Inception and Preparatory Activities

The overall objective of this first step was for the consultant to harmonize the expectations of Rural SPEED, agree on the broad goals and jointly develop an acceptable strategy and action plan to deliver the program. The consultant clarified his understanding of the TOR of the assignment and agreed with the client on the most appropriate approach to implement the assignment.

The main tasks that were accomplished for the successful implementation of the assignment included:

3.2 Contact Briefing

Information pertaining to the terms of the contract had been availed in advance. Further discussions with regard to the assignment were held with the Rural Finance Advisor, Mr. Richard Pelrine and The Rural Finance Specialist, Ms. Judith Aguga Acon.

3.3 Mapping, Planning and Resource Allocation

The Consultant was assigned The SACCOs to be visited during the mentoring program. The client did the selection.

3.4 Communication of Consultant's Itinerary

The Rural Finance Specialist, Ms. Judith Aguga Acon, made all the communication related to workshop dates, venue, programme and the mentoring visits schedule with the participating SACCO managers and leaders.

3.5 Conducting the Training Workshop

In order to facilitate the workshop, a programme was designed (refer to annex 2). This reflects the areas of training. For details of the training materials used, refer to annex 4. Every participant was given a copy of the programme and a set of the training materials for reference. The trainer also endeavored to explain in detail all the documents circulated to the participants.

3.6 Workshop Evaluation

A workshop evaluation was carried out with the use of a questionnaire (annex 5) and the information that was solicited from the participants was in relation to the relevance of the topics, materials, delivery by the trainers and the hotel facilities. A summary of the views from the participants is attached in annex 6.

3.7 Preparations and Presentation of Final Report

Upon completion of the visits to The SACCO Societies and conduct of the mission/vision development workshop, a final report was prepared and presented to The Rural Finance Advisor, Mr. Richard Pelrine.

Section IV

4.0 Findings and Recommendations

4.1 Existence of plans

Most SACCOs had three to five year strategic plans in place. However, the leaders and managers were never involved in their development. The promoters did most of the plans during the inception of the SACCOs. As such, they were not used as management tools for the day-to-day running of the institutions. Existing mission and vision statements were ambiguous and uninspiring. While there were broad plans in place, in all cases, there were no documented operational and action plans to guide the day-to-day operations of The SACCOs.

4.2 Goals and Objectives

Most of The SACCOs did not have specific goals and objectives to guide staff actions.

The budgetary management process was not guided by pre-planned activities but rather on incremental and historical basis.

4.3 Stakeholders' participation

The primary stakeholders, mainly members, were never involved in contributing towards the SACCO plans yet the plans were meant to serve them (members).

4.4 Monitoring and Evaluation of Plans

There were no clear mechanisms for the evaluation of the SACCO Plans. There was an urgent need for the formulation and training on monitoring and evaluation systems for the SACCO plans.

Section V

5.1 MENTORING OF RURAL SPEED SACCO PARTNERS

Methodology

The methodology applied was open discussions and review of documents e.g. business plans, budgets, job descriptions for staff, monthly performance reports and in some cases, review of the board minutes.

Objective

The main objective of the mentoring program was to follow up on the major emerging issues during the workshop with a view to determining the key challenges facing the SACCOs in planning, and coming up with recommendations on the requisite capacity building initiatives to counter the prevailing situations.

A day was spent with each SACCO. In all cases, the board members and senior management staff were involved. A follow up session was held with all other staff in order to gauge their understanding of their jobs, their challenges in personal work planning and organization, and particularly their appreciation of what was expected of them in terms of performance standards. The SACCOs visited and specific recommendations are follows:

1. SHUUKU

The SACCO has been having short- term action plans. They have set a budget for strategic planning and would require technical support in form of facilitation personnel to guide them in putting together a strategic as well as an operational plan.

2. MUHAME

The board and management are quite aware of the need for and importance of planning. Their major challenge was lack of technical skills from amongst themselves on how to do it in respect of their SACCO and ensure that they address all the business needs of their institution.

They indicated that they would be prepared to co-fund the exercise if they got technical expertise to guide them in formulating a strategic plan for the SACCO.

3. KAMUKUZI

The SACCO had a three- year business plan, which was done by the promoters at inception, and therefore except for a few founder members, most of the board members and management staff were not familiar with the goals and objectives of the document. In addition, there was no implementation and evaluation work plan.

Though they appreciated the need to embrace the practice of strategic planning and management, they admitted that they were unable to do it on their own and requested that Rural SPEED helps them facilitate the process.

4. KYAMUHUNGA

The Board expressed their desire to avail financial resources for accommodation and transport and requested Rural SPEED to avail specialist personnel to help them review their current business plan and formulate an initial operational plan as well as train the staff on action planning, monitoring and evaluation of plans.

5. ANKOLE FARMERS

The board members and manager did not have sufficient time to spend with us and very little was established about their understanding and application of the mission and vision process. However, it was established that the SACCO had a three-year business plan formulated with the assistance of one of the partner institutions and was due for review by first quarter of 2006.

6. MAMIDECOT

The SACCO had a very comprehensive system of business planning including soliciting the views of the members and other stakeholders. As at the time of the mentoring programme, a draft plan for the period 2006-2008 was ready and undergoing editing.

Our assessment was that the SACCO is well equipped to implement their business plans and only needed advice on monitoring and evaluation systems to realize the goals and objectives.

7. KITAGATA

The SACCO had a an initial business developed with the assistance of Uganda Cooperative Alliance though there was no indication of how much in terms of implementation had been done. The board and management were in the process of reviewing it by end of December 2005.

8. NYARWANYA

The SACCO had a one-year action plan and expressed a desire to formulate a mission, vision and operational plan through the assistance of the project specialists.

My recommendation specifically on this SACCO is that they need a lot of in-house training on the role of the board, management and the supervisory committee because except the manager, all the board members, supervisory committee and the senior staff are new in office and need urgent induction on their duties and responsibilities.

9. RUBABO

The SACCO had a business plan with key indicators of the business focus for three years.

There were no regular reviews of the plan although according to the Manager, these would be put in place by the end of first quarter of 2006.

The SACCO requested the project personnel to assist, as part of the plan review, in carrying out member survey in the field of membership to enable formulation of counter strategies as a result of the stiff competition the SACCO was facing in the region.

10. RUSCA

The SACCO had a business plan in place. It was developed with the assistance of the Micro Finance Support Centre. Majority of the current board members were not involved in its formulation. There was no regular implementation, monitoring and evaluation mechanism.

Summary of Major Emerging Cross Cutting Issues

1. They all had strategic plans. However the board members and managers were not initially involved in their formulation.
2. The plans were not being used in management process of the SACCOs.
3. Existing mission and vision statement were ambiguous and needed to be reviewed for clarity and purpose.
4. There were no clear goals and objectives in all the SACCOs.
5. Budgets were not based on projected activities but on incremental trends.
6. The existing strategic plans were not broken into short term operational and action plans
7. Plans were not regularly reviewed hence not used as a basis for performance evaluation
8. Board members and managers are quite enthusiastic in developing of business plans.
9. Stakeholders were not involved in the development of plans.
10. All partner SACCOs need on a specific basis, on-site technical assistance in development of actionable plans.

Identified Training Needs

The following areas needing further training were identified for all the visited SACCOs:

1. Operational and action plan development
2. Monitoring and evaluation of plans
3. Performance management skills for all staff
4. Customer/members service techniques
5. Facilitation of policy and procedures formulation
6. Loan management process for all credit officers and loan committees

Recommendations

1. There is urgent need for further technical support on individual SACCO basis to review and update existing plans making them more business focused and relevant. The specific technical support needs are in the areas of identifying and writing critical success factors goals and objectives, action plans and development of monitoring and evaluation toolkits. This should be done on individual SACCO-basis.
2. Effective loan management training should be conducted as a matter of urgency. All SACCOs expressed this as a priority.
3. Board of Directors and management roles to be defined and documented to enable organizational effectiveness. The operational manuals would be handy for orientation of newly elected board members and hired staff.

ANNEX I Mission/Vision Workshop Held at Lakeview Hotel,
November 2-4, 2005 for the Directors and Managers of Rural
SACCOS under the Rural SPEED Project.

Agenda

Day One, 2/11/05

8.00 –9.00 am	Registration, Introduction and Official Opening
9.00-10.30 am	Introduction to concept of strategic planning and management
10.30-11.00 am	COFFEE/TEA BREAK
11.00-12.30 pm	Strategic Thinking and Visioning
12.30-1.30 pm	LUNCH BREAK
1.30-2.30 pm	SACCO Key Result Areas
2.30-3.30 pm	Team Exercises
3.30-4.00 pm	COFFEE/TEA BREAK
4.00-5.00 pm	Plenary Session, day's recap and Adjourn

Day Two, 3/11/05

8.30-9.00 am	Review of Day one's Activities
9.00-10.30 am	Strategic Planning Process
10.30-11.00 am	COFFEE/TEA BREAK
11.00-1.00 pm	Formulation of SACCO Mission/Vision Statements
1.00-2.00 pm	LUNCH BREAK
2.00-3.30 pm	Team Exercises- Setting Mission/Vision Statements
3.30-4.00 pm	COFFEE/TEA BREAK
4.00 – 5.00 pm	Group Discussions/ Plenary Session for all participants/ Adjourn

Day Three, 4/11/05

8.30-9.00 am	Recap of Day Two's Activities
9.00-10.30 am	Setting strategic Goals, Objectives, and Action Planning
10.30-11.00 am	COFFEE/TEA BREAK
11.00-12.30 pm	Introduction to Monitoring and evaluation for Action Plans
12.30-1.00 pm	Evaluation and Official Closure
1.00-2.00 pm	Lunch and Departure

ANNEX II Training Materials for the Workshop

ACTION PLAN

KEY RESULT AREA					
OBJECTIVE	ACTIVITIES	TIME FRAME	OUTPUT	PERFORMANCE INDICATORS	RESPONSIBLE

Strategic Thinking or Visioning.

Strategic thinking or visioning

In this presentation we ask and answer the following questions?

What is strategic thinking or visioning?

How do you develop a strategic vision?

What is the strategic thinking process?

Why strategic thinking?

Strategic visioning for who?

What if you are not in business?

How do you develop a strategic vision?

As you develop a strategic vision for your business, there are five different criteria that you should focus on.

These five criteria will help you to define your ideal outcome.

In addition, they will help you set up and develop the steps necessary to make your business vision a reality.

The Strategic thinking process:

The following is a list of the five criteria of the strategic thinking process:

- 1. Organization**
- 2. Observation**
- 3. Views**
- 4. Driving forces**
- 5. Ideal Position**

Strategic Thinking/visioning is leadership tool.

To be effective as leader, you must develop skills in strategic thinking

Strategic thinking is a process whereby you learn how to make your business vision a reality by developing your abilities in teamwork, problem solving and critical thinking

It also a tool to help you confront change, plan for and make transitions, and envision new possibilities and opportunities

What is strategic thinking?

Strategic thinking is like making a movie. Every movie has a context (or story) which it uses to get you to experience certain outcome (an emotion, in this case) at the end of the movie.

Strategic thinking is much the same in that it requires you to envision what you want your ideal outcome to be your business and then works backwards by focusing on the story of HOW you will be able to reach your vision.

1. Organization

The organization of your business involves the people you will have working for you, the organizational structure of your business, and the resources necessary to make it all work.

What will your organization look like?

What type of structure will support your vision?

How will you combine people, resources, and structure together to achieve your ideal outcome?

2. Observation

When you are looking down at the world from an airplane, you can see much more than when you are on the ground. Strategic thinking is much the same in that it allows you to see things from 'higher up'.

By increasing your powers of observation, you will begin to become more aware of what motivates people, how to solve problems more effectively, and how to distinguish between alternatives.

3. Views

Views are simply different ways of thinking about something.

In strategic thinking, there are four viewpoints to take into consideration when forming your business strategy:

1. The environment view
2. The marketplace view
3. The project view, and
4. The measurement view

Views can be used as tools to help you think about outcomes, identify critical elements and adjust your actions to achieve your ideal position.

4. Driving Forces

- What are the driving forces that will make your ideal outcome a reality?
 - What is your company's vision and mission?
- Driving forces usually lay the foundation for what you want people to focus on in your business (i.e. what you will use to motivate others to perform).

Examples of driving forces might include:

- Individual and organizational incentives
- Empowerment and alignment
- Qualitative factors such as defined vision, values, and goals
- Productive factors like a mission or function;
- Quantitative factors such as results or experience; And
- Others such as commitment, coherent action, effectiveness, productivity, and value

5. Ideal Position

After working through the first four phases of the strategic thinking process, you should be able to define your

Ideal position.

Your ideal position outline should include:

- ☐ The conditions you have found to be necessary if your business is to be productive
- ☐ The niche in the marketplace that your business is to be productive
- ☐ Any opportunities that may exist either currently or in the future for your business
- ☐ The core competencies or skills required in your business. And
- ☐ The strategies and tactics that you will use to put it all together

Why strategic thinking?

By working through these five areas, you will begin to get a clearer picture of exactly how your business vision can be accomplished

As your vision becomes more focused, your ideas will appear stronger and more credible.

Not only will it be easier to convince others that your idea is a good one, but it will also be easier to maintain your own conviction and motivation when you reach any pitfall or obstacles in the road.

What if you are not in business?

Overall, you can apply strategic thinking skills to any area of your life.

But by making a concerted effort to apply them specifically to your business venture, you will have a much better chance of bringing your vision to life.

And isn't that what you want?

CREATING VISION AND MISSION STATEMENTS

Internal and external environmental scanning precedes vision and mission formulation. These help in assessing how effectively an organization's portfolio of products, services and delivery methods meet customer/member needs. By doing so, you have identified gaps which if closed hold the greatest promise for winning in the market place. You have also identified your primary competitors and the strategies they are using to make roads to "out-compete" you for member business on certain products and services. This process entails your **beliefs** and **judgments** about what will be necessary to succeed competitively in your marketplace.

The second phase involves your **dreams** and **aspirations** for the higher purposes your SACCO will serve- for its managers and employees and for other key stakeholders.

Remember, all men dream, but not equally. Those who dream by night in the dusty recesses of their minds wake in the day to find that it was vanity; but the dreamers of the day are dangerous men, for they may act their dreams in the open eyes to make it possible.

Statements of vision and mission are created from the 'chemical' reactions- in this case, organizational and personal-that fuse our beliefs and judgments with our dreams and aspirations.

The Vision Thing

Vision is a core element in the concept of leadership. To set a direction, a leader must first mould an image of a possible and desirable future state for the organization. This image may be broad or quite precise. The critical point is that a vision articulates a view of realistic, credible, attractive future for the organization that is better in some important ways than what now exists. Vision should paint a clear, bold and compelling picture of what your SACCO wants to become.

Vision and Mission statements taken together, must meet five *tests*

1. They must be leadership initiated. It is the role of leaders to gather input from stakeholders, focus it, and coalesce it into a coherent vision and mission. Managers make vision and mission work once you get them in place; leaders get you there. Managers manage within paradigms (set of rules and regulations); leaders lead between paradigms.
2. They must be shared and supported. The vision and mission articulated by the planning group must be shared with all employees. Through agreement and understanding, they will give direction to the decision making of today.
3. They must be detailed enough to capture board's and staff's imagination and harness their creativity.
4. They must be positive and inspiring. They should challenge everyone to stretch his or her skills. Vision invests work with meaning and importance. It can build a sense of community; of team effort tot contribute toward a worthwhile purpose.

A man watched two masons working on a building. One frowned, groaned and cursed over his labors. Asked what he was doing, he replied, "Just piling one stone on top another all day long until my back is about to break."

The other man whistled at his work. His movements were swift and sure, his face wore a glow of satisfaction. Asked what he was doing, he replied, "Sir, I'm not just making a stone wall – I'm helping build a cathedral." – CLARENCE FRANCIS

5. They are never expressed in numbers (e.g., ROA, capital ratio, loan-to share, etc). These numbers are only a consequence of a vision yet to be achieved.

Note: "Vision without action is merely a dream. Action without vision just passes the time.

Vision with action can change the world." _JOEL BARKER-"The Power of Vision".

Mission

The original uses of the word *mission* were in diplomacy and religion. In both contexts, the word means, “a body of people sent to do work and accomplish purpose.” Mission, and then should not be seen as a perfunctory statement. In a very active sense, “Mission is an organization’s character, identify and reason for existence.”

A mission statement answers the following questions:

1. What functions does the organization perform?
2. For whom does the organization perform the functions?
3. How does the organization fulfill the functions?
4. Why? What is the purpose we hope to fulfill in society and in our industry?

Ultimately, your statement of mission will create a decision-making and action framework for the SACCO’s employees and Board members. They will understand how the SACCO plans to win in its marketplace-what it expects to become with their contributions and commitment.

- *Crafting Vision and Mission*

Deciding on Vision and Mission for your SACCO is the paramount leadership act. Just a word about the active character of leadership:

- To lead: *To show the way by going in advance; to guide; to direct the performance; to be head of; to pursue.*

In crafting vision and mission you are showing the way for the SACCO’s staff and stakeholders; you are steering its course to a future you define. Vision and Mission will be the template for all subsequent decision making. Effectively institutionalized, all the organization’s arrangements will be aligned with vision and mission to ensure its successful attainment.

SOME EXAMPLES OF VISION AND MISSION STATEMENTS

Aa. VISION STATEMENT

ABC will lead and shape the SACCO industry through the power and participation of its active membership.

We will provide timely information, education and assistance to ensure the well being and organizational effectiveness our members.

- *Ab. MISSION STATEMENT*

What function does the organization perform?

ABC is in the business of meeting member needs through representation, information and education.

For whom does the organization go about fulfilling these functions?

ABC is an association serving registered members.

How does the organization go about fulfilling these functions?

Direct, effective two-way contact and communications between Association staff and Association members. Attracting and retaining top-caliber, committed, professional staff members and dynamic, issues-oriented board members.

Creating innovative, effective products, services, and educational forums that respond to member needs.

Why does ABC exist?

To promote and nurture the continuation of the unique financial institutional alternative that our members bring to the XYZ people-----affirming the best of our members' movement's traditions.

Ba. VISION STATEMENT

To be leading financial institution for our members, providing consumer-oriented products and exceptional service in an atmosphere of trust.

Bb. MISSION STATEMENT

Our mission is to:

- Provide high-quality, competitive financial products and services with a focus on membership needs.
- Enhance the financial strength and security of the SACCO.
- Offer a challenging and rewarding environment for our employees and volunteers.

- Promote the SACCO movement and its principles of equality, equity and mutual self-help.

Ca. VISION

We deliver member- driven service that is unparalleled by any financial institution in the financial industry. We are committed to providing service to our members by exceeding their expectations, resolving their problems, delivering financial peace of mind. Our organization is employee- focused, caring, innovative and family friendly, empowering us to excel in delighting our members.

Cb. MISSION

ABC SACCO is a member-owned, employee-focused financial cooperative committed to providing and continually improving quality member service and innovative products and services that promote personal and fiscal responsibility and organizational safety and soundness.

SUMMARY

Vision and Mission statements provide the nexus to link the SACCO of today with the SACCO of the future-today's belief and judgments linked with dreams and aspirations for tomorrow. Your organization's vision and mission must be inspirational rallying points that invest board and staff members with meaning and purpose for their dedicated efforts.

STRATEGIC PLANNING OVERVIEW

Introduction to Strategic Planning

1. The Board members and managers of Rural SACCOs in Uganda at Lakeview Hotel, Mbarara

Between 1st –3rd November 2005

By Paul Wambua Rural Speed Consultant

Session Objectives

By the end of this session, the participants will be able to:

1. *Expand planning, its types and importance and how it relates to the strategic development process.*
2. *Define an organization strategy and the strategic development process*
3. *Define a mission statement, goal, objectives, steps and policies, their importance, and how to formulate them.*
4. *Explain the importance of a strategy*
5. *Formulate a model strategy*

Planning is important because it:

- *Harmonizes all activities giving a sense of purpose and direction to all concerned*
- *Takes into account available resources and ensures their adequate allocation*
- *Ensures better results*
- *Ensures decisions are made proactively as opposed to reactively*

5. Types of Planning

1. *Classification from a “functional approach” is provided below.*

1. Strategic Development

- *Long term planning and carried out by senior*
- *Managers of the organization (or corporate*
- *Level planning)*

2. Operational Planning

- *Shorter- term planning carried out by mid-*
- *Level Managers.*

Action Planning

- *Planning for specific activities done at the supervisory level*

7. Strategic Development Process

8. A Strategic Plan should have: -

9. Mission/Purpose Statement

10. Vision Statement Vs Mission Statement

11. SWOT Analysis

12. Goals, Objectives, Policies and Action Plans

13. Objectives should be smart

14. Policies/Systems & procedures

15. Importance of Strategic Plan

16. STRATEGIC PLAN-KEY RESULT AREAS

Vision and Mission Key Result Areas

Who is involved in the Vision and Mission Setting?

1. The Board of Director
2. Key Management Staff
3. Other Stakeholders e.g. members of a SACCO

SACCO'S KEY RESULT AREAS (KRAs)

- Definition
- A key result area is a Critical deliverable in the SACCO's overall Business plan and once executed, adds to Shareholders' value.
- The following are the main KRA's SACCO set up:
 - Membership
 - Products and services-savings, loans, etc
 - Member service
 - Governance and Leadership
 - Policies, procedures and systems
 - Information processing, management and reporting
 - Staff competence
 - Financial management
 - By laws

ANNEX III SWOT Analysis on KRAs

SWOT is an acronym for:

- **S-Strength.**
Strength is an area of advantage to a business that well exploited will add value to the business.
- **W- Weakness.**
This is an area of disadvantage and weakness the business's potential to grow.
- **O-Opportunity.**
This is an external area of potential benefit to the business if only appropriate action is timely taken to exploit it.
- **T-Threat.**
This is an external risk to the business.

In all above key areas, the planning team should do a SWOT analysis and come up with the real issues in of the area. In so doing, the participants are advised to be very honest, candid and critical to ensure that performance gaps in each of the areas are identified and appropriate remedial action taken.

Team Exercises (90Minutes)

As SACCO leaders and managers, assume you are the planning team for your ABC Rural SACCO based in Mbarara and are setting your mission and vision statements for the next five years. Using the SWOT analysis technique, come up with the SWOT analysis for each of the KRA's above to be used as the basis to set the mission and vision statements for your SACCO.

MONITORING AND EVALUATION SYSTEM

PLAN ASSUMPTIONS

- Existence of effective communication.
- There must be an enabling environment without financial constraints and with fair play by all the concerned parties
- Regular monitoring and evaluation of the plan
- The implementers (management) must be empowered

Plan Assumption

- Members of staff (management) should implement work programmes in close liaison with the Board
- Defined and non-conflicting roles backed by an empowered staff.

PLAN ASSUMPTIONS....

- All those involved have understood the process and are willing to implement the plan
- Commitment of board members
- The Committee and the Management staff have the qualities to implement

Monitoring and Evaluation

- Plain review and evaluation
- Has the strategic plan “provided” a clear direction for ABCc SACCO mandate?
- Is the strategic plan ‘dynamic’?
- Does it give “meaning” to effort and bestow “ownership” on Management of the company?
- Does the plan execution regenerate team spirit? Is the strategic plan feasible?

Strategic Plan

- For a strategic plan to complete the intended purpose mechanisms for monitoring the implementation should be put in place
- Those mechanisms must be structured thoroughly observed and sufficient resources made available to facilitate the monitoring

Why Plan Evaluations

- Enables an institution to take stock on what has been achieved and thereby providing information for corrective action.
- Gives monthly feed back on what has been achieved during the period –key achievements as per set targets (if stated). Major constraints and way forward.

Why Evaluation.....

- They also enable members of the team to share experiences and explore potential areas for collaboration and teamwork

SAMPLES OF VISION AND MISSION STATEMENTS FROM PARTICIPANTS

	NAME OF INST	ORIGINAL STATEMENT	REVISED STATEMENT
1	KAMUKUZI VISION	To provide coordinated financial ideal services that focus on poverty eradication among our members	<i>A leading financial institution</i>
	MISSION	Provide quality, sustainable and competitive to our members and entire communities.	<i>Provide quality, sustainable and competitive financial products and services to our members and entire communities.</i>
2	MUHAME SACCO VISION	Will build a leading professional run, member responsive financial institution.	<i>A leading professionally run member responsive financial institution</i>
	MISSION	To provide high quality financial products and services for the betterment of members standard of living.	<i>To provide high quality financial products and services for the betterment of members standards of living.</i>
3	KYAMUHUNGA SACCO VISION	To lead and enable members develop a savings and investment culture for sustainable, social and economically self-reliance.	<i>To be a leading financial institution, providing demand driven products and services to our members.</i>
	MISSION	To provide high quality financial services and products to members on a sustainable basis	<i>To provide high quality financial products and services aiming at meeting members needs.</i>
4	MIMEDICAOT SACCO VISION	A leading self-sustaining financial institution alleviation poverty with an honest and savings membership	<i>A leading high quality financial institution.</i>
	MISSION	Provide attractive high quality and beneficial services and environment to our members, employees and other stakeholders.	<i>To provide high quality financial product and services to member and other stakeholders.</i>
5	BWONGYERA SACCO	Building a model financial sustainable SACCO	<i>To be a model financially sustainable SACCO</i>
	VISION	That provides desirable and competitive services to improve the living standard of its members.	<i>That provides desirable financial products and services to members.</i>
	MISSION	Provision of member's acceptable and affordable savings, credit and educational services in a	<i>To provide members affordable financial products and services in a professional and</i>

		professional and transparent manner for the enhancement of members and the institutions financial strength.	<i>transparent manner for the enhancement of members and institutions financial strength.</i>
6	KITAGATA SACCO VISION	To establish a strong and sustainable SACCO to provide financial services to its members.	<i>To be the strongest SACCO providing sustainable financial products and services to members</i>
	MISSION	To mobilize membership, savings and extend credit services to enable increased economic productivity to improve member's welfare.	<i>To mobilize membership savings and provide credit services to enable increased economic productivity to improve members' welfare.</i>
7	KIHIHI SACCO VISION	To improve members capacity by pooling their resources generation and deliver excellent financial services	<i>To be a successful financial institution with a strong savings culture.</i>
	MISSION	To extend financial services to business like manner to our members	<i>To offer financial services in a professional manner to members.</i>